



To Work or To Go For Education?

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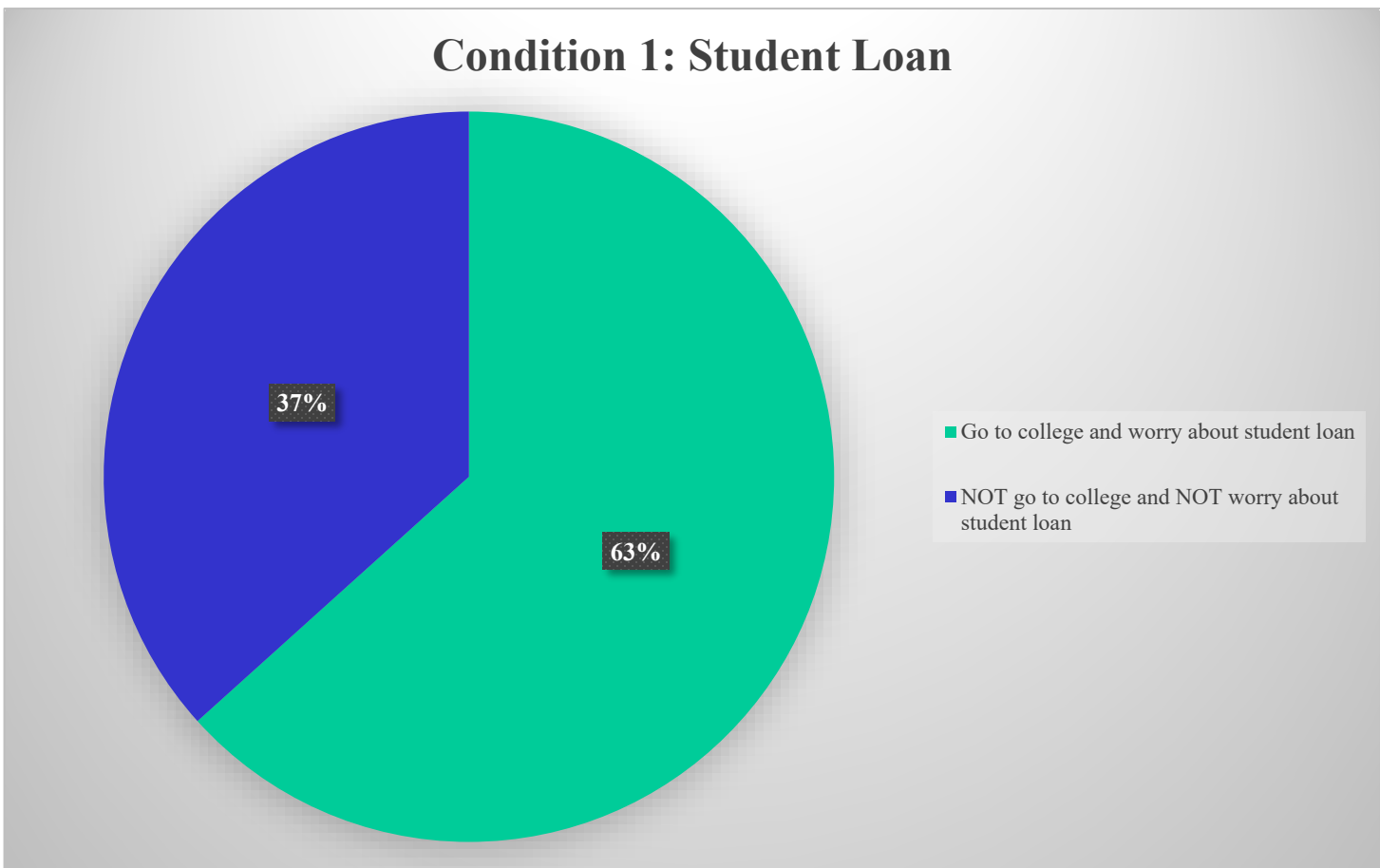
Abstract

Millions of students will arrive on college campuses soon in September, and they will share a similar burden: college debt. The typical student borrower will take out \$6,600 in a single year, averaging \$22,000 in debt by graduation, and it keeps growing through out the year due to interest rate.

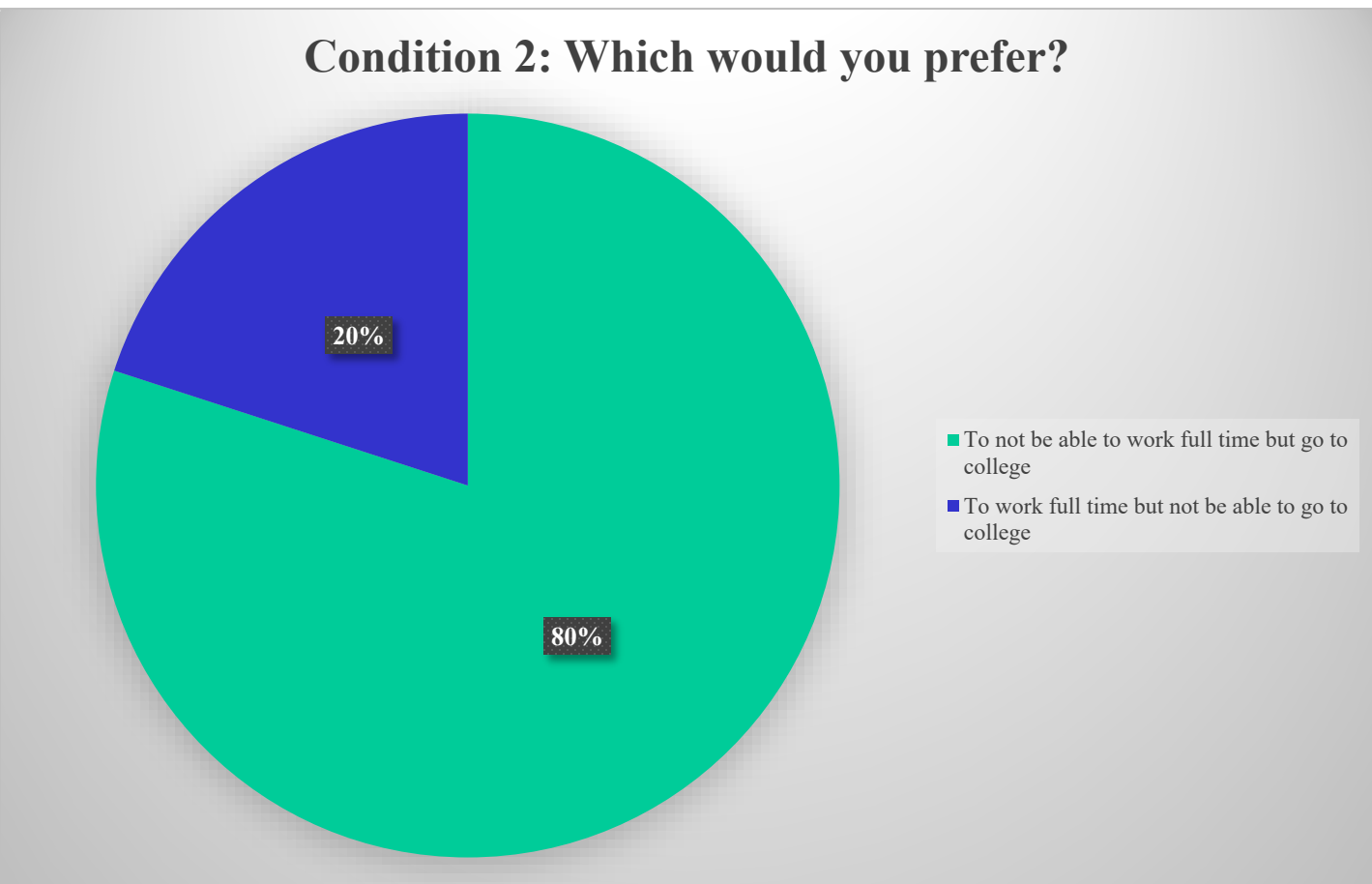
This research was designed to test out how **rational/ irrational** would people make decision between to get college education or to just go straight to work instead. This survey data is the respondents’ direct responses from both classmates and outside sources of age between 18 to 70 years old. It shows most of the people still prefer to go to college and worry about student loan later on than not go to college. On the other hand, people do prefer to not able to work full time but goes to college over working full time without education.

Questionnaire

- Condition 1:
- People sometimes face the difficulty on whether they should or could go for college education or not due to high tuition, in your opinion, which would you prefer?
- I'd prefer to go for college education and have to worry about student loan
 - I'd prefer to NOT go to college and NOT going to worry about student loan
- Condition 2:
- Between the choice of education and work, which would you prefer?
- Go to college full time but not able to work full time.
 - Work full time but not able to go to college.



Condition 1: Student Loan	
Go to college and worry about student loan	19
NOT go to college and NOT worry about student loan	11
Total	30



Condition 2: Which would you prefer?	
To not be able to work full time but go to college	24
To work full time but not be able to go to college	6
Total	30

Difference	16.5 %
95% CI	-6.4459% to 37.3235%
Chi-squared	1.940
DF	1
Significance level	P = 0.1636

Findings

Sample 1: 19/30= 63%
Sample 2: 24/30= 80%
The p-value is 0.163 which has the significance. With the consideration of “student loan”, it does back some people off on going for college degree. Without the consideration on student loan, more people prefer to go for college and get education.

Conclusion

From the data that was gathered, we can see that the changes in condition cause the different results. With the consideration of student loan, 37% of people decide not go for college education and not have to deal with student loan and it’s interest rate, but 63% of them still prefer to go for college and get the education. People who choose to take the student loan seems to be irrational at the moment, but they know that because of the education, they get more chances on getting better paid jobs than not having the degree. The small amount of people who choose not to take the student loan and get the education could have many reasons, but it won’t affect the fact that they made what they think is rational for them. In finance, **Rational** behavior refers to a decision-making process that is based on making choices that result in the optimal level of benefit or utility for an individual. The assumption of rational behavior implies that people would rather be better off than worse off.

Reference:

1. <https://www.nytimes.com/interactive/2018/08/25/opinion/sunday/student-debt-loan-default-college.html>
2. https://nces.ed.gov/datalab/index.aspx?ps_x=cchbkaa2
3. <https://www.investopedia.com/terms/r/rational-behavior.asp>